

Paying, Promoting, and Retaining High-Quality Civil Service Workers in the Department of Defense

Despite their having to use a common pay table, civil service personnel managers in the Department of Defense (DoD) have generally been able to use the compensation and personnel systems in ways that—by and large—have helped attract, retain, and motivate high-quality civilian workers. However, DoD personnel managers might need to adjust the department's compensation system if they want to continue to promote and retain highly educated civilian personnel—those with postgraduate degrees—in the future.

So concludes a recent RAND study—*The Pay, Promotion, and Retention of High-Quality Civil Service Workers in the Department of Defense* by Beth J. Asch. Performed under the auspices of RAND's National Defense Research Institute, the study investigated the relationship between the federal government's pay, compensation, and promotion practices and its ability to manage civilian white-collar employees in the DoD. The study found that, despite having to use a one-size-fits-all pay table, managers were able to tailor the compensation and promotion system to obtain desired personnel outcomes and that they likely will need to continue such tailoring in the future.

A COMMON PAY TABLE

White-collar General Schedule (GS) workers in federal civil service jobs are covered by a commonly structured pay table that varies to account for differences in federal and nonfederal pay growth across geographic areas. Civil service personnel managers can use special pays and other forms of compensation to help attract, retain, and motivate high-quality employees. However, relatively little is known about the career outcomes of higher-quality personnel in the federal civil service or about whether these employees are paid more, are promoted faster, or remain with the civil

service longer than lower-quality personnel. To help fill this research gap, RAND examined the pay, promotion, and retention profiles of civil service workers in the DoD, the largest employer of GS personnel within the federal government.

Using data from Defense Manpower Data Center personnel files, RAND researchers tracked the careers through fiscal year 1996 (FY96) of individuals who entered or reentered the DoD civil service between FY82 and FY96. Out of that pool of data, the researchers focused on two groups: the FY88 cohort, comprising those who entered or reentered in FY88, before the defense drawdown, and the FY92 cohort, defined as those who entered or reentered in FY92, during the drawdown.

ARE HIGH-QUALITY DoD CIVILIAN WORKERS PAID MORE AND PROMOTED FASTER?

Employing three measures of personnel quality—supervisor rating, education level, or promotion speed—the study found that higher-quality personnel are generally paid more and promoted faster than lower-quality personnel. Specifically, RAND found that those who receive better ratings from their supervisors have higher earnings and faster promotion rates. Moreover, RAND found that individuals who have attended some college are promoted faster and paid more than those who have not attended college. But there was a twist to that latter finding: Although those with the highest degrees (i.e., master's degrees or doctorates) generally were found to be paid more, they are not always promoted faster than those with only a bachelor's degree, when other observable characteristics are held constant. Thus, having advanced degrees does not seem to always translate into faster promotions, although having some college education seems to do so.

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The analysis of earnings and promotion speed also indicates that these outcomes vary considerably across occupational areas in the DoD, even when other observable job and individual characteristics are held constant. Thus, pay outcomes vary far more than the common pay table shared by personnel in all occupations would suggest.

ARE FASTER PROMOTION SPEEDS AND HIGHER PAY SUFFICIENT TO INDUCE HIGHER-QUALITY PERSONNEL TO STAY LONGER IN THE DoD CIVIL SERVICE?

The study found mixed retention outcomes, depending on the quality measure, the cohort, and the other variables included in the analysis.

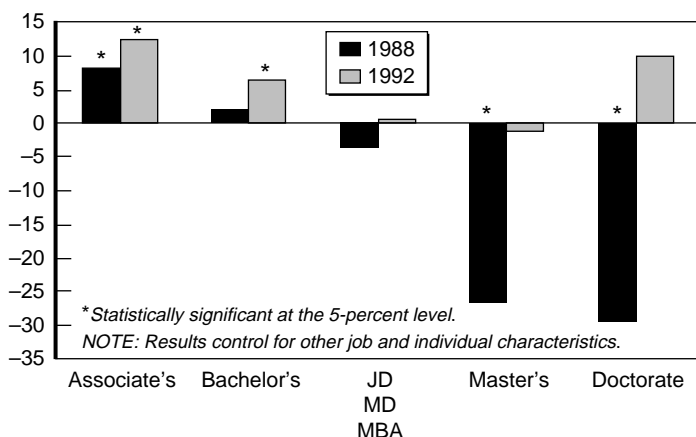
Individuals in the FY88 cohort who received better ratings from their supervisors showed better retention patterns, as did those who were promoted faster. Those in the FY92 cohort who were promoted faster also had better retention patterns. However, as depicted in the accompanying figure, in both cohorts, individuals with advanced degrees beyond a bachelor's degree had poorer retention. Thus, while some of the evidence suggests that better per-

formers in the DoD civil service have better retention, other evidence, especially that based on education, does not. As noted earlier, it appears that personnel with advanced degrees are not always promoted faster than personnel with bachelor's degrees. The evidence on the retention of personnel with advanced degrees indicates either that they did not fit well in the civil service or that their slower promotion speed translated into poorer retention.

RAND also found that retention patterns vary significantly by occupational area, even when other observable characteristics are held constant. Surprisingly, scientists and engineers, a large percentage of whom have advanced degrees, are found to be among the groups with the best retention, when other factors such as education are held constant. However, whether this retention rate is sufficient to meet current and future personnel requirements is another open question.

CONCLUSIONS

The evidence presented in the study suggests that higher-quality GS personnel in the DoD civil service generally have been paid more, are promoted faster, and sometimes are retained longer. The evidence also indicates areas where retention and promotion problems may exist, specifically among the most educated personnel, i.e., those with advanced degrees. However, because of measurement error, the results pertaining to education are less than rock solid. The analysis indicates fairly large variations in the careers of personnel in different occupational groups, despite their common pay table. Given the varying requirements for personnel across occupations and the variety of external market opportunities that exist in different occupations, the differences in the careers of GS personnel are no doubt in part a result of these variations. Finally, whether these differences in the pay, promotion, and retention of higher-quality personnel are sufficient to ensure meeting the DoD's needs for a high-performing workforce is an important area for further research.



Percentage Change in Retention Based on Highest Degree Attained, 1988 and 1992 Cohorts

RAND research briefs summarize research that has been more fully documented elsewhere. This research brief describes work done for the National Defense Research Institute; it is documented in *The Pay, Promotion, and Retention of High-Quality Civil Service Workers in the Department of Defense* by Beth J. Asch, MR-1193-OSD, 2001, 93 pp., \$12.00, ISBN: 0-8330-2988-6, available from RAND Distribution Services (Telephone: 310-451-7002; toll free 877-584-8642; FAX: 310-451-6915; or email: order@rand.org). Abstracts of RAND documents may be viewed at www.rand.org. Publications are distributed to the trade by NBN. RAND® is a registered trademark. RAND is a nonprofit institution that helps improve policy and decisionmaking through research and analysis; its publications do not necessarily reflect the opinions or policies of its research sponsors.

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